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Gartner for HR Leaders

# **HR Operating Model Transformation Guide**



# New Global Challenges Are Shifting HR's Top Priorities

Today's fast-paced, ever-changing business landscape requires an evolved approach from the organization — including internal functions such as HR. The combined impact of new ways of working, changing employee expectations, digitalization and faster velocity has exposed the limits of the standard three-pillar HR operating model.






Only 30% of HR leaders believe their current structure allows them to adapt to changing business priorities. In response, chief human resources officers (CHROs) are looking to rebuild for the HR operating model of the future, one that enables HR to operate with agility, strategic alignment with the business and operational efficiency.

**84%** of HR functions have restructured in the past two years, are currently restructuring or plan to restructure in the next two years.

Only **34%** of HR leaders believe their current HR structure allows HR to adapt quickly to changing business priorities.




Only **40%** of HR leaders believe their current HR structure separates transactional and strategic HR tasks appropriately.

## Today's Global Landscape

-  New Hybrid Ways of Working
-  Increasingly Complex Stakeholder Expectations
-  New Dynamic Talent Landscape
-  New Adoptions of Technology and Automation
-  Faster Pace of Business



## New HR Priorities

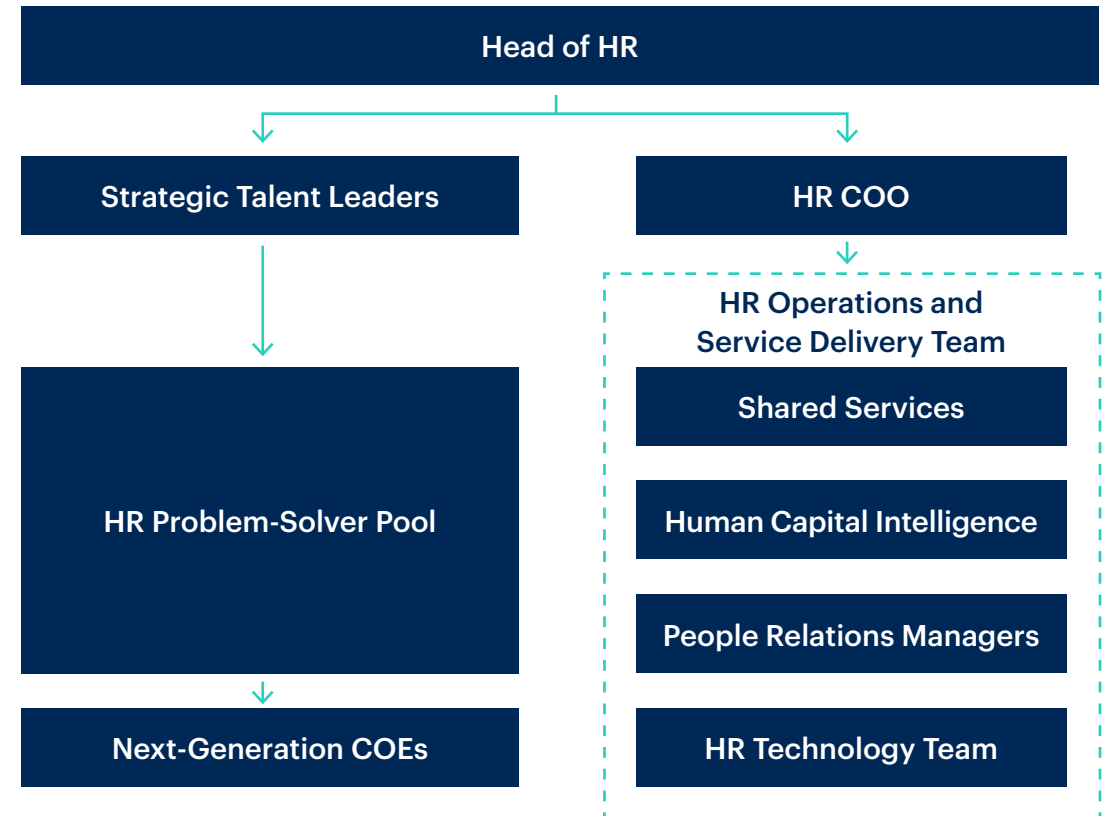
-  More Flexible and Agile
-  More Strategically Aligned With the Business
-  More Operationally Efficient

Source: Gartner

# Introducing the HR Operating Model of the Future

CHROs are embracing a new HR operating model by driving four imperatives:

- 1. Building a robust HR operations and service delivery team.** A centralized, dedicated team, led by an HR COO, serves employees and managers with infrastructure and processes to carry out day-to-day HR operations.
- 2. Reinventing the HR business partner (HRBP) to be to be a strategic talent leader.** HR leaders align with specific business units to serve as their de facto CHRO, and partner with business leaders to address the unit's strategic talent priorities.
- 3. Creating a dynamic pool of HR problem solvers.** The heart of the HR function, problem solvers apply project management and critical thinking skills to short-term HR-related projects.
- 4. Providing agile support with next-generation centers of excellence (COEs).** As problem solvers deliver timely agile solutions and technology meets employee needs, COEs will become smaller and bring on contractors and consultants as needed for deep HR expertise.



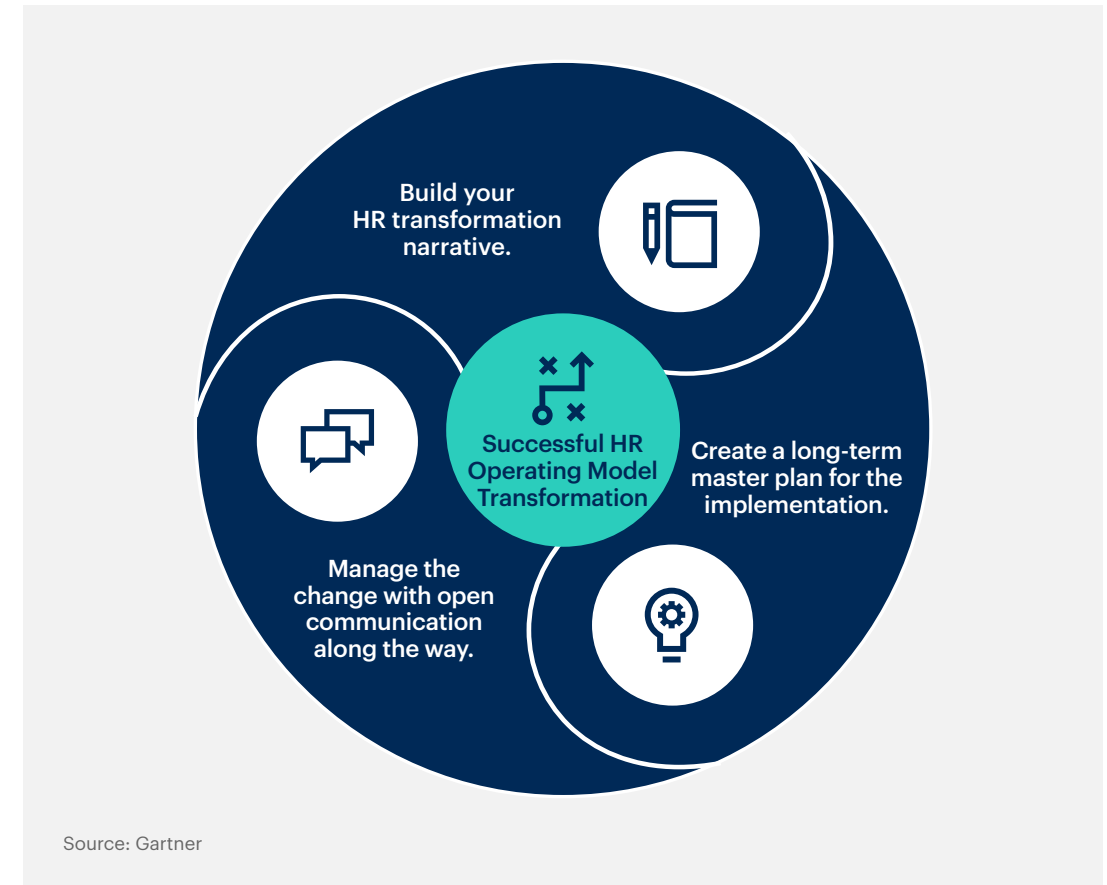
Source: Gartner

## Access the Full Playbook Series

This is the third and final part of a series of guides for HR leaders undergoing such transformation. The first two parts, [Playbook for Upgrading HR's Operational Efficiency](#) and [Playbook for Increasing HR's Strategic Impact](#), provide step-by-step guidance for actions HR leaders can take to get started on their transformation journeys.



Figure 1. Steps to Successfully Plan and Execute Your HR Operating Model Transformation



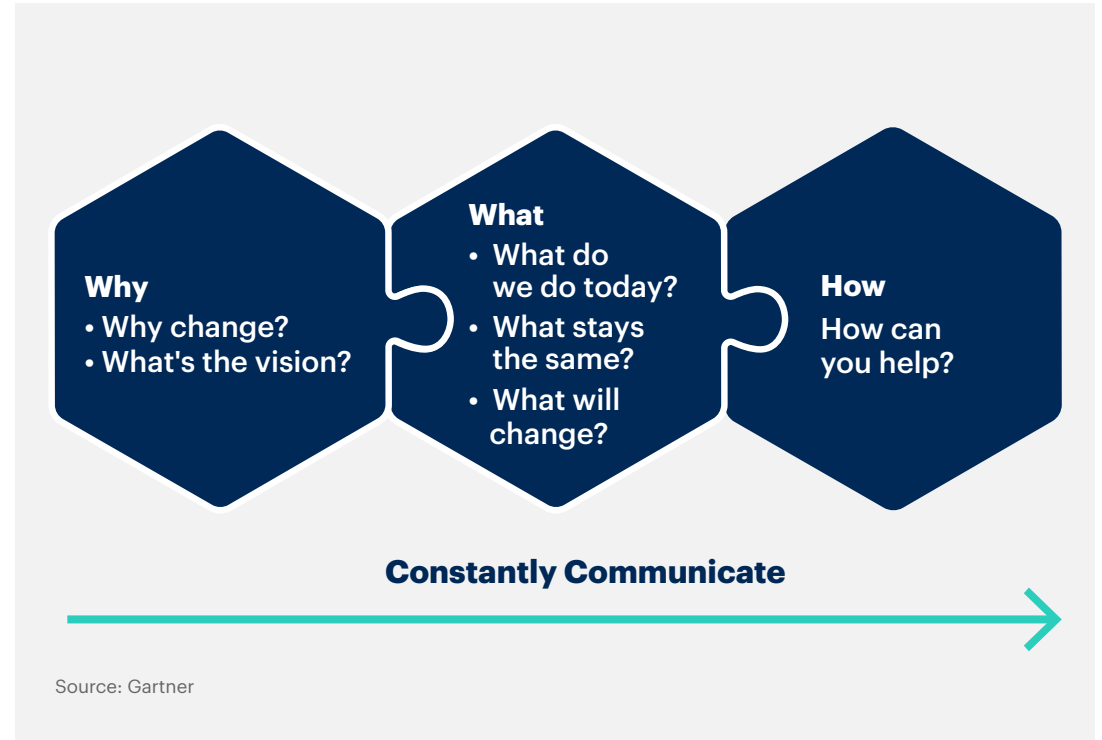


## Component 1: Build your HR Operating Model transformation narrative

The first step to leading a successful transformation is to identify the why, what and how. This means understanding your transformation vision and goals, the actions necessary to achieve them and ways to communicate with both C-suite stakeholders and employees to generate buy-in and ensure a smooth transition.



Figure 2. Build Your HR Operating Model Transformation Narrative



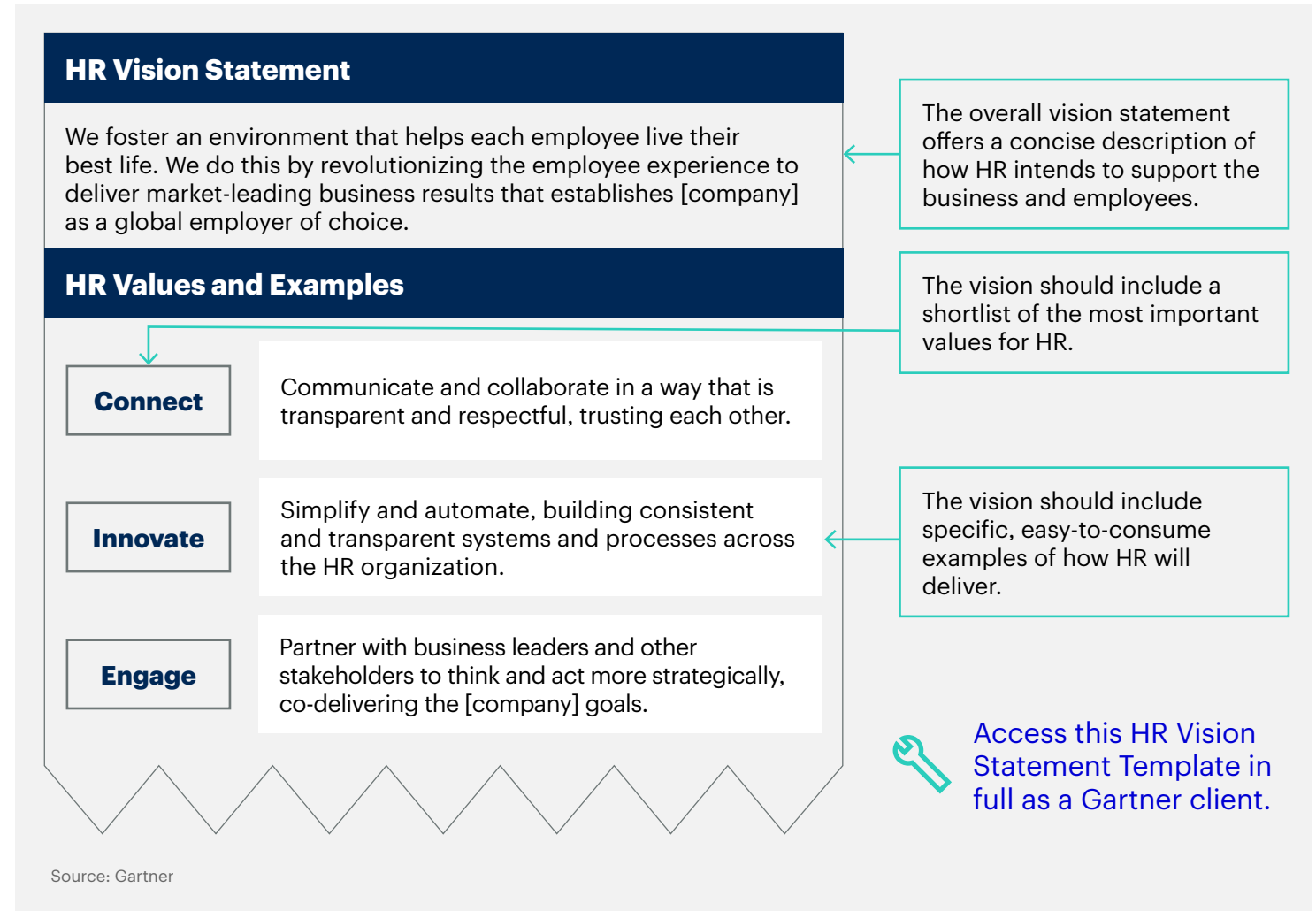
# The “Why”: Define the direction of the HR Operating Model transformation

Defining the direction for the transformation means understanding the impetus for the change in the first place, as well as the organizational or business context that drives it.

- Is your company facing new growth, and does it need to expand HR services to keep up?
- Is your organization rightsizing, and as a result, does your HR function need to become more agile and lean?

Answering these questions will help you create a vision statement — a concise description of how HR intends to support the business and employees. It should be grounded in your company context, and should outline HR values and examples to help bring this vision to life. Making these examples easy to understand and explain will help secure buy-in from key stakeholders, and ensure open communication.

Figure 3. HR Vision Statement Template



## The “What”: Identify the necessary activities to get you there

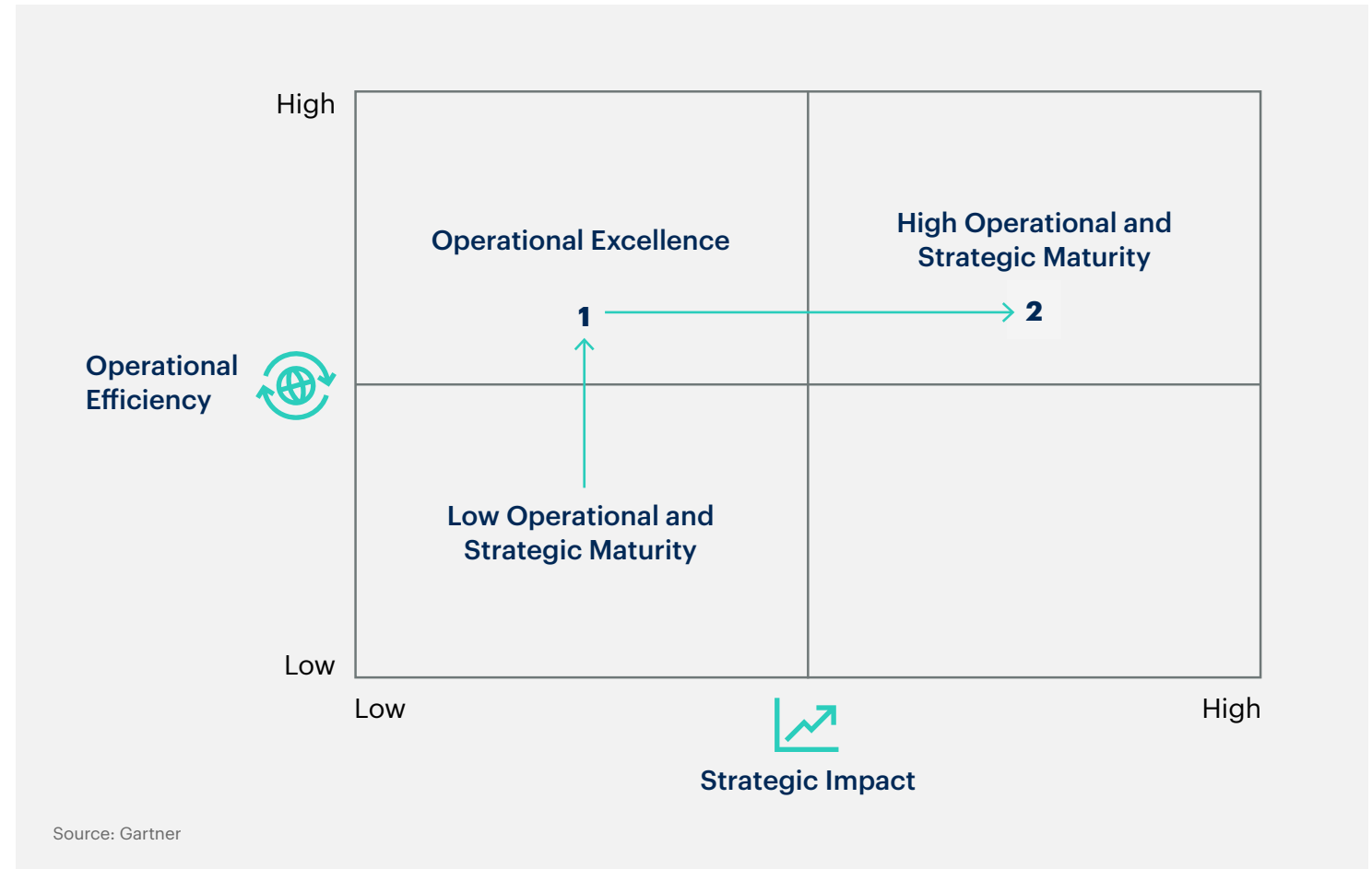
What steps do you need to take to make your vision happen?

Many HR leaders want to improve both operational efficiency and strategic impact. The optimal path is to **first** upgrade HR’s operational efficiency — which frees resources, reduces duplicate efforts and provides more space for strategic thinking — and **then** increase strategic impact.

After identifying activities to pursue in the transformation, develop a list of comprehensive criteria to evaluate each implementation step along the way. For example:

- Alignment with business strategy
- Criticality for business success
- Financial requirements and ROI
- Change barriers
- Urgency caused by inefficiencies or risks
- Defining implementation success

Figure 4. HR Functional Maturity Matrix



# The “How”: Secure buy-in and communicate constantly and openly

Understanding the how of building your HR operating model transformation narrative involves clear communication to two major stakeholder groups:



## Align with the C-Suite to Prioritize Criteria

Align with stakeholders across the C-suite to bolster your implementation criteria identified and help prioritize them in the mid- to long-term.

Use this as a sounding board for ideas to strengthen your transformation plan and secure buy-in for the initiative.



## Make the Vision Clear to Employees

Once you have C-suite support for the implementation steps, it’s time to complete your HR operating model transformation narrative with a clear vision of the change endgame. Keep messaging simple, clear of jargon and consistent.

A simple technique to help clarify the transformation narrative is to use a “from-to” model — defining the bookends of transformation to paint a clearer vision of success. Consider the following examples:

- From working in silos to collaborating across HR
- From being reactive to being proactive
- From being right the first time to seeking options and opinions to iterate



## Component 2: Create a long-term plan for the implementation

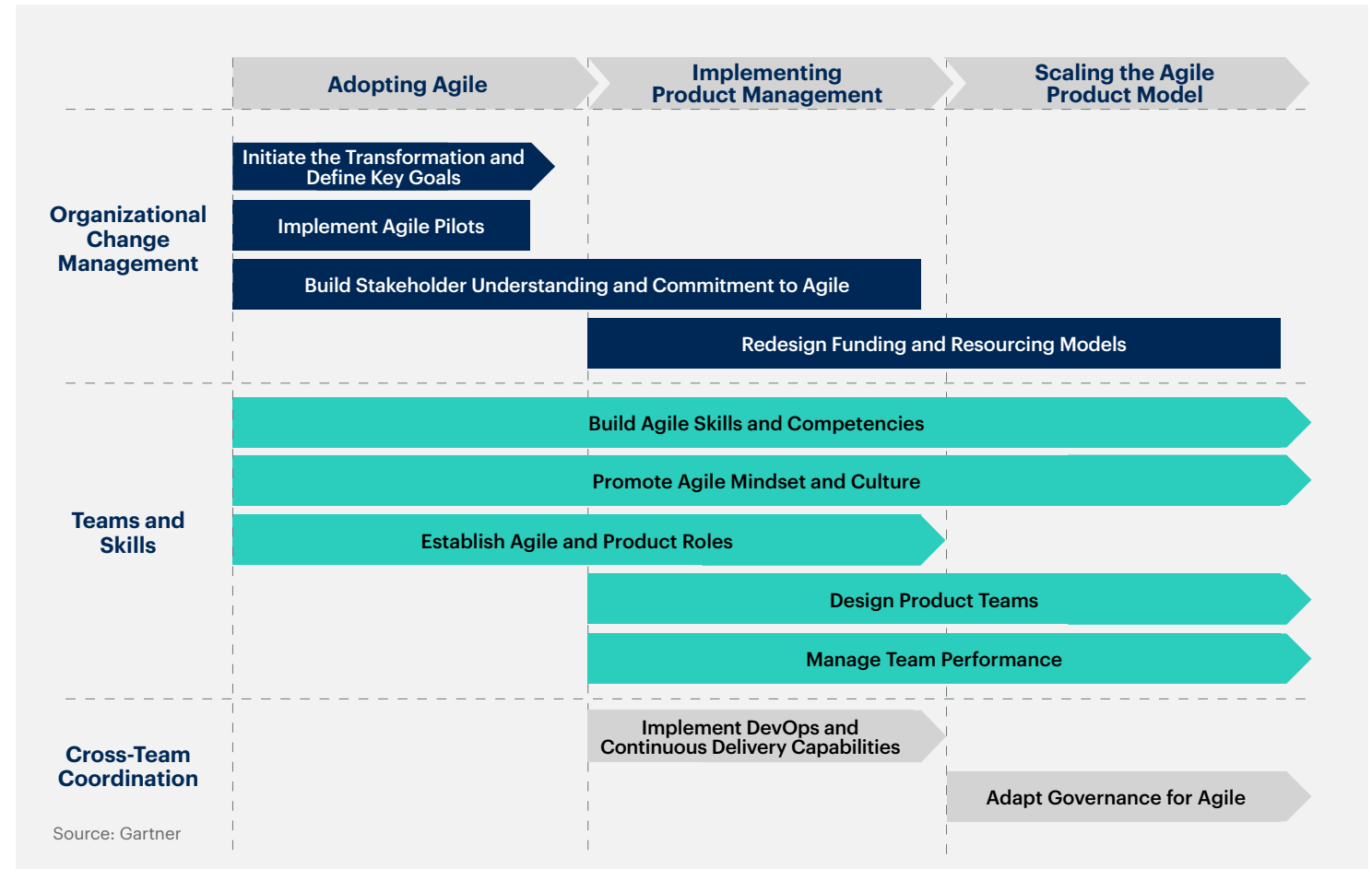
**Divide the implementation into manageable steps considering dependencies.**

Take your top transformation activities and split them into manageable steps to avoid wasting resources, effort and time.

**Set a realistic timeline considering your developed guidelines.**

With the activity steps in mind, align with relevant stakeholders, and estimate the implementation time for each step using conservative timelines. Plot your activity steps on a roadmap using the example on the right to get you started.

Figure 5. Agile Transformation Roadmap



 [Access this roadmap template in full as a Gartner client](#)

# Component 3: Manage the change with open communication along the way

### Develop a comprehensive communication concept.

Outline the internal and external stakeholder groups affected by each step in the transformation. Consider how these groups may be affected by the transformation, what role they can play and how their teams may operate differently.

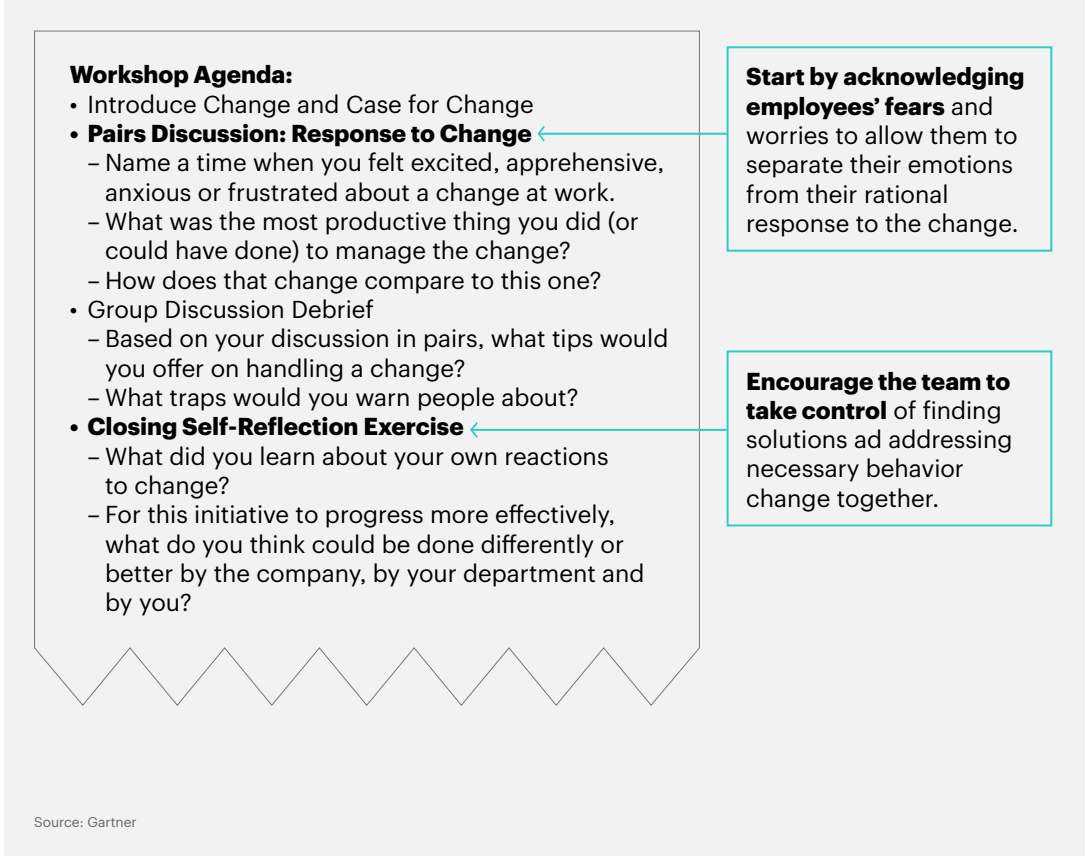
### Provide opportunities for employees to engage with the change.

Enable employees to react to change by facilitating two-way communication. One way to foster this communication is to facilitate workshops after the change is communicated and allow them to express any initial frustrations.

### Equip managers to lead through the change.




Equip managers and team leaders with the tools they need to communicate and discuss the change with their teams, adapt their team's priorities in response to the change and support their teams to own how they will implement the change. Ensure managers discuss the change openly and empathetically with their teams, so they can understand the change and feel supported moving forward.

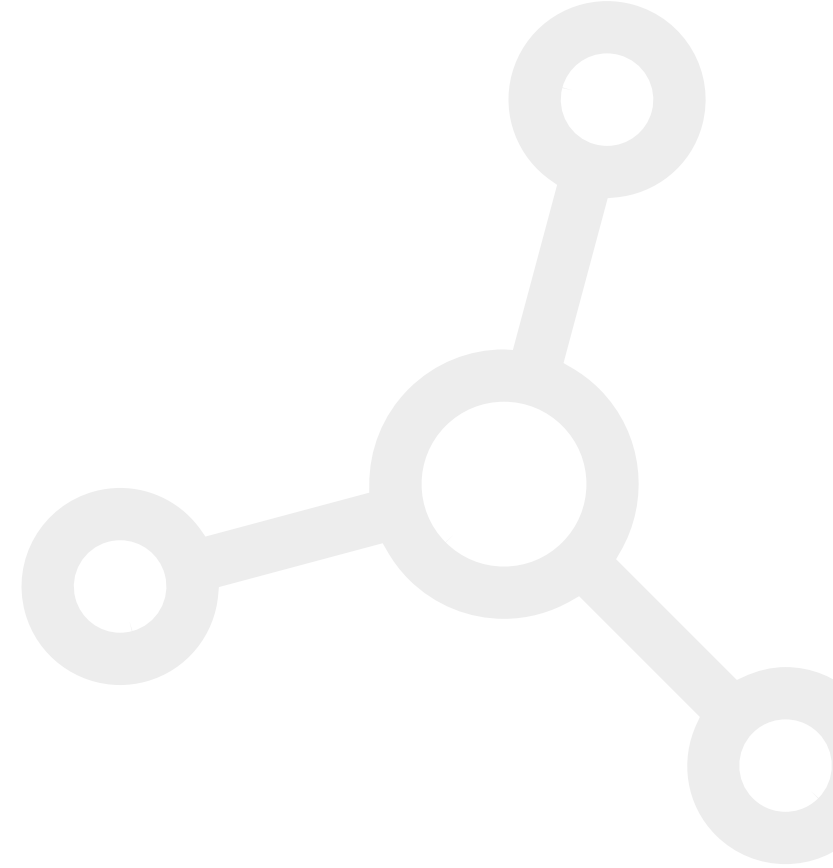
Figure 6. Change Reaction Workshop Agenda



## Key Recommendations

To drive a successful HR operating model transformation, HR leaders should:

-  Build a transformation narrative by defining the why, what and how of the transformation.
-  Create a long-term master plan for the implementation by breaking down activities into manageable steps, considering dependencies and setting a realistic timeline.
-  Manage the change with open communication along the way, driving employee engagement and equipping managers to lead through the change.



# Actionable, objective insight

Position your HR organization for success. Explore these additional complimentary resources and tools for HR leaders:

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## Playbook

Playbook for Upgrading HR's Operational Efficiency

A four-step framework for HR leaders to upgrade their operational efficiency and move toward the HR operating model of the future.

[Download Now](#)



## Playbook

Playbook for Increasing HR's Strategic Impact

A four-step framework for HR leaders to upgrade their strategic impact and move toward the HR operating model of the future.

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## Research

The Evolving HRBP Role in the HR Operating Model of the Future

Create a more efficient and flexible HR function that is strategically aligned to the business.

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## eBook

Leadership Vision for 2023: Chief HR Officer

Set and execute a winning vision for 2023.

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